



**Commonwealth of Massachusetts
Health Care Quality and Cost Council
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***Recommendations approved by the Ad Hoc Committee at its December 28,
2007 meeting***

In accordance with the provisions of Sections 16K and 16L of Chapter 6A of the Massachusetts General Laws, the Council adopts the following Steps Needed to Achieve Council Goal I:

Strategy 1. The Council will contract with independent experts to provide the council with technical assistance in analyzing the causes of increases or decreases in health care costs, including but not limited to the effects of (1) supply of and demand for services, as well as utilization trends, (2) concentration of provider market power by geographic region and medical service, (3) concentration of insurer market power, (4) quality of care and avoidable medical errors, (5) avoidable administrative costs, (6) payment systems, (7) overuse and inappropriate use of medical technology, pharmaceuticals, and medical devices; on health care costs in the Commonwealth.

Strategy 2. The Council will adopt a standard of measurement of total annual Massachusetts health care spending (the "Massachusetts Global Health Cost Indicator") by which the Council will track the rate of increase or decrease in health care costs in total and within health care sectors from year to year. The Council will contract with an independent health care organization to provide the council with technical assistance in establishing and computing the Massachusetts Global Health Cost Indicator ("MGHCI"), in accordance with the provisions of Section 16L of Chapter 6A;

Strategy 3. The Council will develop legislative, regulatory, and other recommendations to control health care costs. The recommendations will be submitted by the Council to the appropriate entity in accordance with the provisions of Section 16L (m) of Chapter 6A. The Council will contract with independent experts to provide the Council with technical assistance in developing the recommendations. In developing the recommendations, the Council shall consider the following categories of options, among others:

- a) rate regulation, such as rate setting for Massachusetts health care providers and health care insurers;
- b) controlling the supply of services, such as expansion of the Commonwealth's Determination of Need program and/or strengthening its enforcement provisions;
- c) redesigning the delivery system, such as instituting medical homes and expanding primary care, reducing avoidable hospitalizations, improving end of life care, and improving coordination of care;

- d) payment reform, such as evaluating alternatives to fee-for-service systems, evaluating the impact of cost-sharing measures, including but not limited to circumstances where a patient has a choice of providers or products, and considering uses of reinsurance models;
- e) identifying sources of funding for prevention and other cost containment initiatives, including the use of new assessments;
- f) disseminating information relating to cost and clinical effectiveness, such as comparative effectiveness studies;
- g) malpractice reform;
- h) evaluating strategies for decreasing detrimental concentrations of market power in the provider and health insurer sectors;
- i) evaluating employer and patient expectations;
- j) administrative simplification;
- k) assessing uses of medical technology, electronic health records, and computerized physician order entry; and
- l) examining plan benefit designs.

The recommendations shall include an estimate of cost savings, as well as recommendations for implementation and tracking. The recommendations shall be prioritized by the Council, with assistance from the independent experts, by effectiveness, by ease of implementation, and by impact on access, quality of care, and disparities in provision of care. The recommendations shall also take into account impact on the viability of health care institutions and providers, especially those based in the community.

Strategy 4. The Council will prepare reports to be presented to the Governor, Secretary of Health and Human Services, Senate President, Speaker, and Chairpersons of the Committees on Ways and Means and Health Care Financing, comparing variations in rates paid by insured health plans, self-insured entities, Medicaid, Medicare, uninsured persons, and other payers to health care providers in the Commonwealth. The Council will ensure that the content and dissemination of any such report conforms to the relevant confidentiality laws and regulations.

Strategy 5. The Council will request adequate funding to support Steps 1 through 4.